

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 16, 2003

Agenda ID #2733
Ratesetting

TO: PARTIES OF RECORD IN APPLICATION 03-05-002 ET AL.

This is the draft decision of Commissioner Kennedy and Administrative Law Judge (ALJ) Gottstein. It will not appear on the Commission's agenda for at least 30 days after the date it is mailed. The Commission may act then, or it may postpone action until later.

When the Commission acts on the draft decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Parties to the proceeding may file comments on the draft decision as provided in Article 19 of the Commission's "Rules of Practice and Procedure." These rules are accessible on the Commission's website at <http://www.cpuc.ca.gov>. Pursuant to Rule 77.3 opening comments shall not exceed 15 pages. Finally, comments must be served separately on the ALJ and the assigned Commissioner, and for that purpose I suggest hand delivery, overnight mail, or other expeditious method of service.

/s/ ANGELA K. MINKIN
Angela K. Minkin, Chief
Administrative Law Judge

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Attachment

Decision **DRAFT DECISION OF COMMISSIONER KENNEDY AND
ALJ GOTTSTEIN (Mailed 9/16/2003)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Annual Earnings Assessment Proceeding (AEAP)
Application of Pacific Gas and Electric Company for
Approval of Energy Efficient Shareholder Incentives
for Third Claim for Incentives for 1998
Accomplishments for Pre-1998 Programs, and for
Recovery of Costs for the 2002 Interruptible Load
Programs.

Application 03-05-002
(Filed May 1, 2003)

In the Matter of the Application of Southern
California Gas Company (U 904 G) for Authority to
Increase its Gas Revenue Requirements to Reflect its
Accomplishments for Demand-Side Management
Program Year 1997 and Low-Income Program Years
2001 and 2002 in the 2003 Annual Earnings
Assessment Proceeding ("AEAP").

Application 03-05-00
(Filed May 1, 2003)

In the Matter of the Application of San Diego Gas &
Electric Company for Approval of Incentives
Associated with its Accomplishments for Low Income
Program Year 2001 and Demand Response Program
Expenditures in the 2003 Annual Earnings
Assessment Proceeding ("AEAP").

Application 03-05-004
(Filed May 1, 2003)

In the Matter of the Application of Southern
California Edison Company (U 338-E) for Approval
of Pre-1998 Demand-Side Management Earnings
Claims, 2001 and 2002 Low Income Energy Efficiency
Earnings Claims, and Interruptible Load Programs
Memorandum Account Balances Recorded in 2002,
and In Support of 2002 Energy Efficiency Program
Performance Achievements.

Application 03-05-009
(Filed May 1, 2003)

**INTERIM OPINION ESTABLISHING REQUIREMENTS FOR CONTRACTING
AND ADMINISTRATION OF LOW-INCOME ENERGY EFFICIENCY
IMPACT EVALUATIONS**

By Commission order, Southern California Edison Company, Pacific Gas & Electric Company, San Diego Gas & Electric Company, and Southern California Gas Company (collectively referred to as “the utilities”) are required to conduct load impact evaluations for their Low-Income Energy Efficiency (LIEE) programs.¹ In 2003, the utilities will be contracting with private contractor(s) to conduct this evaluation for Program Year (PY) 2002, which is paid for out of public goods charge funds.²

Consistent with our obligation to oversee LIEE programs, pursuant to Public Utilities Code Section 327(a), we believe that it is necessary to take specific steps to ensure that the LIEE impact evaluation will be conducted in an independent manner and will provide accurate information that enables us to assess the impacts of LIEE programs. Accordingly, we direct the utilities to select a competent independent contractor (or contractors) to conduct the LIEE impact evaluation, subject to two requirements. First, the Director of the Energy Division, or the Director’s designee, shall review and authorize the release of any reports regarding the LIEE impact evaluation, whether draft or final, prior to their release. Second, the utility managing the contract for the evaluation shall not make payments to the contractor(s) selected for the LIEE impact evaluation

¹ See Decision (D.) 93-05-063, D.94-05-063, D.94-10-059, D.94-12-021, D.95-12-054, D.96-12-079, D.98-03-063, and D.99-06-052.

² The public goods charge is a separate component of utility rates that collects monies to fund LIEE and other public purpose programs administered by the utilities.

without authorization by the Director or the Energy Division, or the Director's designee.

These two requirements shall apply to the LIEE impact evaluations conducted for PY 2002 and beyond, unless otherwise directed by Commission order.

Comments on Draft Decision

The draft decision of Assigned Commissioner Kennedy and Administrative Law Judge (ALJ) Gottstein was mailed to the parties in accordance with Public Utilities Code Section 311(g)(1) and Rule 77.7 of the Commission's Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____.

Assignment of Proceeding

Susan P. Kennedy is the Assigned Commissioner and Meg Gottstein is the assigned ALJ in this proceeding.

Findings of Fact

1. The Commission needs competent, independent evaluation of the impact of LIEE programs.
2. The utilities will be contracting with private contractor(s) to conduct the PY 2002 LIEE impact evaluation.
3. The monies expended for LIEE impact evaluations are from PGC funds.
4. The contracting and administration requirements directed by today's decision will ensure the quality and independence of LIEE impact evaluations, consistent with the Commission's obligation to oversee the administration of low-income programs.

Conclusions of Law

1. The Director of the Energy Division, or the Director's designee, should approve all LIEE impact evaluation reports prior to their release and should authorize payments to the contractor(s) selected to perform the LIEE impact evaluation before such payments are made.
2. In order to provide clear direction to the utilities for their PY 2002 LIEE impact evaluation, this order should be effective today.

INTERIM ORDER

IT IS ORDERED that:

1. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company ("the utilities") shall not make payments to the Low-Income Energy Efficiency (LIEE) impact evaluation contractor(s) unless such payments have been authorized in writing by the Director of the Energy Division or the Director's designee.
2. The utilities shall not release any draft or final reports on LIEE impact evaluations prior to obtaining written authorization by the Director of the Energy Division or the Director's designee.
3. Ordering Paragraphs 1 and 2 shall apply to LIEE impact evaluations for PY 2002 and beyond, unless otherwise directed by Commission order.

This order is effective today.

Dated _____, at San Francisco, California.